

**JPRS-UIE-84-017**

**3 August 1984**

# **USSR Report**

**INTERNATIONAL ECONOMIC RELATIONS**

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**USSR REPORT  
INTERNATIONAL ECONOMIC RELATIONS**

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USSR-WORLD TRADE

SMELYAKOV INTERVIEWED ON SOVIET TECHNOLOGY, WESTERN IMPORTS

Moscow LITERATURNAYA GAZETA in Russian No 18, 2 May 84 p 11

[Interview with Nikolay Nikolayevich Smelyakov, Lenin prize winner and USSR deputy minister of foreign trade, by Anatoliy Zlobin, writer and deputy editor-in-chief of the Union of Writers annual SHAGI; date and place not specified]

[Text] We are beginning the column "The Soviet Label in the World Market".

Our country's successes are well known in foreign trade and they reflect the achievements of the USSR in economics and scientific and technical progress. However, it is just as indisputable that the capabilities in international trade have been far from exhausted.

What is preventing goods with the "made in the USSR" label from capturing more of the foreign market?

How can the output of items, which can compete successfully with the best world models and products of famous foreign firms, be stimulated more effectively?

The subject matter of the new column will concern all of this.

The names of the participants in the discussion, which is now being published, are well known to readers. They know Nikolay Nikolayevich Smelyakov, a Lenin prize winner and the USSR deputy minister of foreign trade, as the author of the books "Delovaya Amerika" [Business America] and "S chevo nachinayetsya Rodina" [From What Did the Motherland Begin], which have earned widespread popularity. Anatoliy Zlobin, a writer and the deputy editor-in-chief of the USSR Union of Writers annual SHAGI, is known not only for his novels and stories but also for his sharp journalistic articles, including those on the pages of LITERATURNAYA GAZETA . It is sufficient to recall his series "Modern Tales" which was published several years ago.

The subject of today's discussion is the urgent problems in Soviet foreign trade.

[Question] For a long time I have wanted to ask you, Nikolay Nikolayevich, when was the last time that you were in your native territory?

[Answer] Imagine, the year before last. It was an exciting trip!

[Question] I asked because we are fellow-countrymen; we are both from Ryazan. It seems that you have outstripped me. I have been planning for many years to go to my native place but I have not been able to find even a week for it. I often sweep past it on the train; The express does not stop at the station of Rybnoye.

[Answer] Indeed, we should return often to our sources. Our roots, our grandfathers and great-grandfathers are there. When you are there, you involuntarily enter the past and see the new in a different way.

[Question] I have not spoken about ties with the past by accident. Trade is a very ancient business. If people trade and exchange the fruits of their labor with each other, this means that there are peace and good-neighbor relations between them. Both sides win.

[Answer] True, that is why we have decisively come out against any discrimination in foreign trade, "sanctions", etc.

[Question] What are we selling today -- the fruits of labor or raw material? More raw material, probably ... I understand that historical tradition has an effect here. It has been this way -- we have always had plenty of raw materials. They were close to our hands and to our homes. This explains why Russia's foreign trade traditionally had a passive nature. Russia's best people already understood at that time the negative consequences of this. Recall Pososhkov's famous work "Kniga o skudosti i bogatstve" [A Book About Poverty and Wealth]; "Flax and hemp, do not send them overseas. Make them where they are born, the linen will be two-or threefold cheaper than the overseas linen, and the Russian people will grow rich". Wise words!

[Answer] Ivan Tikhonovich Pososhkov was in general a remarkable personality. Born of simple peasants, he quit farming. He began to work in industry and grew rich. The most important economist of his time and besides he was a self-taught person. What a talent! Ivan Pososhkov died in Peter and Paul Fortress -- he had been put in prison for this book which was considered a seditious one after the death of Peter I... yes, traditions... when speaking about them, it is impossible not to remember that innovation has always been one of the main Bolshevik qualities. It is impossible for us to lose this tradition in any way; it must be expanded.

[Question] Do you have in mind self-complacency? This will not be allowed, you see. At one time it was said that we lagged behind the advanced capitalist countries by 50-100 years and that we would either cover this distance

in several five-year plans or they would doubt us. We hurried forward, we flung chimneys and blast furances into the sky and we laid roads, the threads of canals and electrical power transmission lines. And they did not crush us. We were able to remain standing and to win in an unprecedented war. Victory arrived along with ruins. And again it was necessary to hurry -- to plow the destroyed land and to rebuild the cities. And again the concrete steamed in the frost, the land danced, diamonds sparkled in the depths of the kimberlite, and oil splashed out of the wells. Faster, faster! However, the other peoples were running foreward despite the war. We live in a rapidly changing world, and that is why there is no right to a breathing-space. You stand gaping slightly-- and a foreign back is in front of you.

[Answer] Does it seem to you that we have deviated somewhat from the tempo?

[Question] Let us come to an understanding about discussing deviations in our favor. Do you think that that, which I have now recalled, has left no imprint on foreign trade?... Since we are talking about commerce I would like to ask: Where does profit begin?

[Answer] I will reply, perhaps not scientifically but to the point: Profit begins from zero. If income is equal to expenses there is no profit. When you move up from zero even if only by a 10-kopeck piece, it is possible to say then: There is profit.

[Question] I hope not by 10-kopeck pieces?

[Answer] Of course! We compute them exclusively in billions. Our country does not have any debts now; I am not talking about, of course, payments for credits. We are settling them on time.

[Question] It seems that we have reached the final results, bypassing all intervening stages.

[Answer] How should I tell you about it... The principles and methods of our work do not depend on the amount of profit. Both a billion rubles and 10 kopecks require quite a bit of effort. Incidentally, concerning principles and methods. In this sense, it was necessary for us to begin practically from a blank space. The legendary people's commissars for foreign trade during the first years of the revolution: Leonid Borisovich Krasin and Viktor Pavlovich Nogin, developed the methodology for socialist foreign trade. We are trying to safeguard and augment the traditions which were begun by them. During the postwar years, Nikolay Semenovich Patolichev has directed our ministry continuously for a quarter of a century. Our trade turnover has grown 22-fold since 1958! We are now trading with 140 countries. Take only machine building products exported -- I am more familiar with this from my work. Machine building exports reached 33.9 billion rubles during the last five-year plan. This, incidentally, pertains to the question of the structure of trade which you mentioned earlier. As you see, we are far from selling raw material only. During this five-year plan, we are outstripping the plan, and the decisions of the 26th party congress are being carried out by us.

[Question] But a billion, Nikolay Nikolayevich. Is that a lot? How does it look?

[Answer] Looked at as bank notes, a billion will not fit in a fireproof safe. It requires several special rooms. However, it is possible to find room for everything on a single sheet of paper. This sheet is called a check. What do you think -- is a check for 40 billion convincing?

[Question] It is possible to convince whomever you wish with the help of a billion. These figures naturally are impressive. However, I often visit our plants and construction sites. You see foreign equipment. All types are there -- Magirus, Caterpillars, Olivetti....

[Answer] This disturbs you?

[Question] How to express it to you ....

[Answer] It does not disturb me. Beginning with the first five-year plans we purchased a significant amount of machinery which was primarily required for the manufacturing of the means of production. Thus, foreign trade became an important branch of the national economy. During the years of the 9th and 10th five-year plans, we purchased abroad a colossal amount of industrial equipment -- 100 billion rubles worth, including that from our friends in the socialist commonwealth. This permitted us to re-equip many branches of industry, construct modern plants, and modernize existing ones. The country's economic potential grew. Foreign trade is making effective use of the international division of labor and contributes to the exchange of scientific and technical experience. One noteworthy difference exists between exports and imports -- besides all of the others, of course. In contrast to exports, imports of goods are obvious because the imported valuables are accessible for viewing to a very wide circle of people. However, it is necessary to pay for them, and this is impossible without exports. You pay attention to the Caterpillars and Olivettis. I repeat: This does not disturb me. However, not everyone, unfortunately, asks himself the question: What money purchased all of this and who earned it? Is it impossible to manufacture these items ourselves in the motherland so as not to spend currency? A different manager tries in general to purchase with all his might -- what he needs and what he does not need. As you, Anatoliy Pavlovich, have already recalled Ivan Tikhonovich Pososhkov, it is not out of place to quote his words: "... It is fitting to take a strict lock at this individual so that we do not buy overseas and abroad for Rus anything that is not needed or flimsy, but purchase those items which are durable and which we cannot acquire in Rus or do without". In confirmation, I will add the adage: Do not purchase that which is unnecessary, and do not sell that which is required.

[Question] Yes, it is much easier to learn to use than to produce. On the other hand, I saw in those factories how happy the workers were with the imported equipment. A good item, it is pleasant to work on it, and you earn more. After all, it is only technology. There is no jingoism in it. Let us talk now about exports.

[Answer] With exports, goods go beyond the country's borders, and the incoming currency seems extremely little. In general, it is kept under lock and key. The expansion of exports of our goods permits us to not only obtain currency but also to affect the level of standards of our own production. Contacts with business people and visits to industrial enterprises permit us to study the capabilities of our competitors and to compare them with ours. It is said not without reason that it is possible to see a great deal that is useful in the modern world from the window of foreign trade.

[Question] The expansion of exports means to be a trailblazer in a certain sense and to sometimes take a risk. The problem arises -- concerning the right to make a mistake.

[Answer] We sometimes make mistakes which should not be made at all. I recently glanced through the second edition of the "Bol'shaya Sovetskaya Entsiklopediya" [Large Soviet Encyclopedia] and simply did not believe my eyes. In the second edition it says about the word "amortization" that the phenomenon of "obsolescence"... is only inherent in a capitalist economy". Our economists maintained this until quite recently -- 30 years ago. But what did this theoretical statement mean in practice? Let us say that I am the director of a machine-tool industry plant. If my machine does not know obsolescence, then why should I think about improving it and creating a new design? I drive my immortal machine into the ranks of other immortal ones. And the work, imagine, goes on. I fulfill my plan, and they even pay me a bonus for this "new equipment" -- everything is as it is supposed to be. My machine has no shortcomings, except one --no one wants wants to buy it. You will not find this statement in the third edition of the "Bol'shaya Sovetskaya Entsiklopediya." But time had slipped by. Something similar occurred also with cybernetics. At first, they called it a pseudo-science, and now we pay millions of rubles for imported computers. These are not purely technological or material losses. You could write a novel with the intriguing title "Tsena odnoy oshibki" [The Cost of One Mistake].

[Question] It is this that disturbs me. Moral losses. You do not make them up with millions. These losses are irretrievable. I will relate one story. The time of the action is the middle of the Sixties. The place of the action is one of the Near East countries. Two young Ministry of Foreign Trade workers have received the assignment to sell a small electrical power station for a profit. When they arrive at the place of the action, they find out that the Americans and WestGermans want to sell approximately the same electrical power stations. A price of \$80,000 dollars with a lower limit of \$72,000 has been set for our commercial workers. A mere trifle remained to be found out: At what price were their rivals selling the electrical power stations. Alas -- it was a company secret. However, our young heroes were clever, filled with initiative, young, and handsome. In short, they returned to Moscow with a victory. Later there was a most curious thing. When they submitted their report, it turned out that \$250 did not have any documentary confirmation. The bookkeeper asked: "Where are they?" "They were spend on entertaining. Restaurants. We got to know Olympia...." -- "I do not understand, who is this Olympia?" -- "The secretary of the head of the firm which purchased the power stations. She knew everything. The Americans were asking 120,000 for their power station, and the West Germans -- 110,000. Then, we proposed 105,000,

and this was accepted by this firm". "All of this is good. However, where is the documentation for the \$250 spent by you?" -- "We brought back a profit of 25,000; is that not enough?" In a word, the young men were picked to pieces during all the meetings and they were reprimanded. It seems to me that this story has a very direct relationship to the question of developing initiative. What happened later? One of the young workers was transferred to another office and for 20 years there was not a single case where he displayed initiative. He did what he was ordered to do. I would like to ask you, Nikolay Nikolayevich, could this happen now?

[Answer] You said yourself, Anatoliy Pavlovich, that we are living in a rapidly changing world. Concerning initiative and independence, their level is considerably higher now. Such a problem would not arise now. The young people would receive a bonus.

[Question] That means that the incentive has been improved?

[Answer] Our world is changing only in one direction -- in the direction of complexity. I do not talk to you, Anatoliy Pavlovich, for all mankind; however, our work has become more complicated by several orders of magnitude. I can continue your story of the electric power station hypothetically. Now it is possible that it could not be sold for 72,000, that is, at the lower limit of the proposed price. Only one of the factors -- the cost of the item being offered -- has an effect in the story related by you. However, there are an extremely great number of them now. Quality is moving more and more confidently into first place. Service follows next. The purchaser would examine questions from all aspects -- what is the quality of the power station being offered to me? What are its technical characteristics? Which power station will be cheaper to operate? How and where will I perform routine maintenance?

[Question] Understandable. Competition! The struggle for markets under the conditions of peaceful coexistence.

[Answer] The competition conditions are fierce and merciless. They seize you by the throat. What to do -- we accept competition. We could not have entered the foreign market place without it. We take everything that is positive from competition.

[Question] What does the concept of a good's ability to compete include, and what is its significance for our exports?

[Answer] In order not to squander our energies in conflicting directions, let us take only one article of export -- probably the most difficult one-- machine building. We are now delivering machine-building items to 119 countries. The conditions in the world market, however, require a new approach by us. We do not only sell machines, we subsequently service them. The ability of an item to compete is a complex concept. Speaking generally, it reflects the scientific and technical development level and the overall culture of a country, the condition of its infrastructure, and the qualifications of its personnel. Those machines, which correspond to the best world models, are sold.

[Question] Do you remember the case of the trucks?

[Answer] I do not recall anything. Tell me.

[Question] Portuguese communists paid us a visit. We took them to an automotive plant. On the way, they told us that they had established the first agricultural cooperative in their motherland. The automotive plant workers showed a bit of generosity and there and then decided to present two trucks to the Portuguese agrarians as a gift. The guests thanked them and inquired: "What do they run on?" -- "On gasoline, what else?" The guests hesitated and hesitated, and then said: "Many thanks, but we are not able to accept your gift." -- "Why? You see, it is free." -- "It wouldn't matter if it were expensive. If we were to use gasoline, our cooperative would be rapidly destroyed."

[Answer] No, I have not heard about this case although I can imagine that it occurred. Our automotive industry equips only 18 percent of our trucks with diesel engines. An important decision was recently adopted on expanding the manufacturing of diesel engines so that the situation would be corrected. The ability of an item to compete requires continuous work, especially to improve highly technical items. Each trifle -- and you have lost the ability to compete.

[Question] In general, you will not say about a new item that it has well forgotten the past.

[Answer] Of course. Thanks to these features it enjoys a monopoly position and has a high cost and good sales, rapidly repaying all expenditures. Many countries, especially those that are highly developed in an industrial regard, devote enormous efforts to creating new goods, they organize special design bureaus for their development, and they increase financing. Unfortunately, our new goods often do not satisfy export requirements. Take, for example, the Audra vacuum cleaner. Its wattage is 600, and it weighs 7.5 kilograms. The Japanese Neshenl company produces vacuum cleaners weighing one and a half kilograms less which are more powerful, that is, an immediate gain in two indicators. But, you see, our model often has the Seal of Quality. It was necessary to remove it from the Audra.

[Question] However, it is possible to sell not only material products of labor.

[Answer] You have in mind trade in licenses. We sell and purchase technical ideas, plans and inventions. The problem here is not that we sell few licenses. I am personally convinced otherwise: We purchase too many of them.

[Question] It seems that I understand you, Nikolay Nikolayevich. The factor or prestige and ambition arises here. The director of a scientific research institute suddenly finds out about a technological process, which has been discovered by a foreign firm, from an advertising prospectus. This process helps in the creation of new synthetic fibers. Our scientific research

institute has struggled for eight years with the development of such technology. And here it is. Moreover, it can be acquired for cash. However, reputation, jealousy .... The director writes a report. Our method, it says, is quite hopeful. We will achieve a greater effect and, moreover, save currency. It is necessary to add that the director of the scientific research institute has three years until retirement and he would like to sit them out safely.

[Answer] It is not only a question of prestige. Profit! The director's motives are secret and shameful. How many times have we had occasion to hear from directors at the most different levels that the purchasing of licenses lowers the prestige of our science and technology! Fundamentally, I do not agree with these comrades. The purchasing of foreign experience is a sign of our own wisdom. For example, Japan pays threefold more for licenses than it receives from their sale. The FRG, France and Sweden pay twofold more for licenses. These expenses are always recovered. To turn down rashly foreign experience only because it is foreign means displaying self-conceit which is extremely harmful for us.

In turn, I want to ask you, Anatoliy Pavolich, why so little or almost nothing is being written about foreign trade workers, specialists and diplomats who perform crucial assignments abroad, often under complicated conditions and in a tense situation? I recall one of two films, and that is all.

[Question] Spare me, Nikolay Nikolayevich. Must you complain? You yourself have recently finished a book about France "Roza Vetrov" [Wind Rose]. Passages have already been printed. I hope that it will soon be published in complete form.

[Answer] I am not talking about myself. One book on weather does not do it.

[Question] There have been articles and essays by other authors in the press. And our conversation today. This is also an example of journalism coming together with the Ministry of Foreign Trade. At the same time, you are right -- there are not quite enough. It is possible that the Ministry of Foreign Trade is partly guilty. There is a certain psychological reticence in your work. The chain of discussion runs approximately as follows: I talk to you, you write it down, our rivals find out about it, damage is done. Of course, the work is critical, the seething of passions, the struggle of interests and the battle for profits. A klondike of subjects with the most embracing properties! Open up these subjects to us.

[Answer] And what then?

[Question] New films and novels will appear about people in your noble and difficult profession. But before that, let us travel to our native land. Let us return to our source.

[Answer] Agreed!

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USSR-WORLD TRADE

PATOLICHEV ON TRADE IN 1983, FOREIGN TRADE ORGANIZATION ROLE

Moscow VNESHNYAYA TORGOVLYA in Russian No 5, May 84 insert

[Article by N. S. Patolichev, USSR minister of Foreign Trade: "In an Atmosphere of Solidarity and of Labor and Political Enthusiasm"]

[Text] As a large socialist state the Soviet Union is fully aware of its responsibility to peoples for preserving and strengthening the peace. We are open to mutually advantageous peaceful cooperation with the states on all continents. (From the speech of Comrade K. U. Chernenko, general secretary of the CPSU Central Committee, in the Plenum of the CPSU Central Committee on 13 Feb. 1984)

In 1983 the Soviet people achieved new successes in economic and cultural construction. Our country has become still richer and stronger. The Leninist policy aimed at preserving peace, the security of peoples and peaceful cooperation with all states has been consistently conducted.

In 1983 the Soviet state took yet another important step forward in further progress along the main lines of communist construction. There was a rise in the rate of economic growth, and the principal national economic indicators improved. The volume of industrial output rose 4 percent, labor productivity rose 3.5 percent. The heavy branches of industry moved forward: the fuel and power industry, chemical and petroleum machinebuilding, machine tool building, the electrical equipment industry, and instrumentmaking. More petroleum and gas was produced. The natural resources of Siberia and the Far East were developed effectively.

The Soviet Union is continuing to occupy a confident first place in the world with respect to the production of such very important industrial products as petroleum, steel, rolled products, tractors, diesel locomotives, electric locomotives, cement, manufactured fertilizers and woolen fabrics.

Branches manufacturing products that determine scientific-technical progress have developed with the greatest intensity: computer equipment, machine tools with program control, industrial robots, and machines and equipment with high technical-and-economic parameters. More than 3,000 new types of highly productive equipment have been put into production. In recent years

more than 1,000 large state industrial enterprises have been put in operation. The Energy Program has been implemented consistently, the world's largest gas pipeline, from Urengoy to Uzhgorod via Pomary, was built ahead of schedule, and the Baykal-Amur Main Rail Line is going into service.

The Soviet people is working steadily to carry out the Food Program. The farm labor force last year increased the output of agricultural products 5 percent, achieved larger grain harvests, raised more potatoes, sugar beets, livestock and poultry, and produced more milk, eggs and other produce.

K. U. Chernenko, general secretary of the CPSU Central Committee, said at the extraordinary party plenum in February 1984: "Recently the party has been enriched with new experience in the leadership of socialist society. We have begun to make better use of the advantages and possibilities of our system. They undoubtedly include the level of organization and consciousness of the masses."

The unstinting growth of the Soviet economy is the basis for conducting a vigorous foreign economic policy aimed at expanding mutually advantageous business cooperation on an equal footing with foreign states.

Soviet foreign trade is making a solid contribution to performing the most important tasks of communist construction and to speeding up development of many sectors of the economy and the rates of scientific-technical progress.

Expansion of commercial and economic relations has been entirely aimed at promoting performance of the tasks advanced by the 26th CPSU Congress of more effective use of the international division of labor in order to develop further the country's economy and to satisfy the growing needs of the economy for equipment, technological processes, raw materials and supplies and the demand of the public for consumer goods.

In 1983 Soviet foreign trade developed in a complicated international atmosphere in which the imperialist forces were striving in every way to hinder the gradual progress of the countries of the socialist commonwealth and did not cease attempts to undermine their foreign economic relations.

In that context workers in foreign trade achieved a further development of commercial and economic relations and successful fulfillment of the plans and assignments for 1983.

The volume of foreign trade in 1983 rose 35 percent over 1980, reaching 127.5 billion rubles. At the present time our country is trading with 144 states, and with 116 of them commercial and economic relations have been placed on the stable footing of intergovernmental agreements on trade and economic and industrial cooperation.

In realizing the benefits of the international division of labor the Soviet Union uses the possibilities afforded by imports to solve important problems in the national economy. Optimum use of imports is making it possible to make a definite contribution related to fulfillment of the Food Program and

affords the possibility of providing a number of branches of industry advanced technology and up-to-date machines and equipment, whose share is sizable in the volume of goods imported into the country.

Imports in 1983 rose 5.6 percent over the previous year and amounted to 59.6 billion rubles.

Imports of machines and equipment in 1983 amounted to almost 23 billion rubles. The products of machinebuilding were imported predominantly from the socialist countries. Imports of products of this kind from the socialist countries rose 18 percent over 1982 and reached nearly 16 billion rubles. The principal suppliers of these machines, equipment and transportation equipment were the member countries of CEMA. The relative share of these countries in Soviet imports of the products of machinebuilding was more than 65 percent in 1983.

Guided by the decisions of the 26th CPSU Congress concerning performance of the program for raising the prosperity of the people, Soviet foreign trade made purchases abroad of foodstuffs and consumer goods, which to a substantial degree is helping to replenish stocks and to expand the assortment of goods sold on the domestic market for the purpose of fuller satisfaction of the growing needs of the Soviet people.

Our state is paying particular attention to expansion of the production of Soviet export goods and to improving the structure of exports, above all by increasing output and delivery of the products of machinebuilding and other finished products whose quality meets the requirements of the foreign market.

In 1983 exports rose 7.5 percent over 1982 and amounted to 67.9 billion rubles. Along with the raw materials that have been traditionally exported--petroleum, petroleum products and metals--there has been a gradual expansion of exports of the products of the gas industry, the chemical industry and the petrochemical industry, which have been developing intensively in recent years.

The Soviet Union is firmly and unswervingly following the course of mutually advantageous cooperation on an equal footing with the countries of all continents.

The general line of the foreign trade policy of the Soviet state is still developing in every way comprehensive economic cooperation with the socialist countries on the basis of mutual benefit and socialist internationalism. The importance of cooperation with the fraternal countries of the socialist commonwealth was defined in clear-cut terms in the speech of K. U. Chernenko, general secretary of the CPSU Central Committee, at the February (1984) Plenum of the CPSU Central Committee: "Developing and deepening in every way the solidarity and cooperation with the countries of the socialist commonwealth--in all spheres, including, of course, such an important sphere as the economic one--we are thereby making a large contribution to the cause of peace, progress and the security of peoples."

The socialist countries hold the leading place in the Soviet Union's foreign trade. The volume of trade with those countries has been growing every year at a high rate. In 1983 the volume of trade with the socialist countries was 71.4 billion rubles; their share in the USSR's foreign trade increased from 54.3 percent in 1982 to 56.0 percent last year.

The most active trade-and-economic cooperation and scientific-technical cooperation on a long-term basis is carried on with the member countries of the Council of Mutual Economic Assistance, whose relative share in the USSR's foreign trade was 51.2 percent in 1983, as compared to 49.1 percent in 1982. The USSR's volume of trade with the CEMA member countries was 65.3 billion rubles (rising 11.2 percent over 1982).

Strengthening the economic cooperation of the fraternal countries, which guarantees a steady growth of the might of each of them and of the entire socialist commonwealth as a whole, is an important prerequisite for preserving the peace and a guarantee of successful performance of the tasks of socialist and communist construction.

Our party and state attribute great importance to developing and deepening on a stable and long-term basis mutually advantageous trade-and-economic relations with the developing countries of Asia, Africa and Latin America. In 1983 the volume of trade with the developing countries rose 4.8 percent over 1982 and amounted to 17.7 billion rubles.

Our trade and economic relations with the developing countries have always been built and is now built on foundations that differ fundamentally from the terms and conditions imposed upon them by the monopolies of the imperialist states. The Soviet Union's relations with the developing countries are an important factor promoting the development of their independent national economy, and they are aiding them in the struggle to establish fair international relations on principles of equality and democratic principles.

The essence of Soviet foreign policy with respect to the developing countries was expressed once again with full validity in the speech of K. U. Chernenko, general secretary of the CPSU Central Committee, at the Plenum of the CPSU Central Committee this February: "One of the foundations of the foreign policy of our party and the Soviet state has been and will be solidarity with the peoples that have thrown off the yoke of colonial dependence and have started out on the road of independent development."

As for our foreign economic relations with the industrially advanced capitalist countries, the Soviet state has invariably, from the first days of its existence, conducted a course toward development of stable and mutually advantageous cooperation on an equal footing with those states which sincerely wish to cooperate with our country and do not attempt to use trade-and-economic relations as a means of exerting political pressure on us.

At the February (1984) Plenum of the CPSU Central Committee K. U. Chernenko, general secretary of the CPSU Central Committee, confirmed the principle of our relations with the capitalist countries: "The great Lenin left to us as

his legacy the principle of peaceful coexistence of states with different social systems. We have been invariably faithful to that principle. At the present time, in the age of nuclear weapons and superaccurate missiles, it is more indispensable to peoples than ever before."

In spite of the tense political atmosphere in the world and in the face of every kind of discrimination and boycott on the part of the imperialist powers, above all the United States, a majority of the Western countries have taken and now take a realistic position on the question of economic cooperation with the Soviet Union. Many trading partners of our state among the capitalist countries take as their point of departure the fact that has been proven by time that cooperation with the Soviet Union is not only advantageous and reliable, but to a certain degree also helps to mitigate the economic problems they face.

The volume of trade with the countries of western Europe rose 6.4 percent in 1983 and amounted to 31.5 billion rubles.

Under the complicated conditions that have come about on the world market, foreign trade workers, adeptly using conditions on the market, completed the planning targets for the year on time, performed competently and on schedule the orders of the party and government of great state importance, and successfully coped with fulfilling the socialist obligations which were assumed.

The CPSU Central Committee, the USSR Council of Ministers, the All-Union Central Committee of Trade Unions and the Komsomol Central Committee have awarded challenge Red Banners of the CPSU Central Committee, the USSR Council of Ministers, the AUCCTU and Komsomol Central Committee to the collectives of the all-union foreign trade associations "Mashinoimport" and "Soyuzkhimeksport" for achievement of high results in the All-Union Socialist Competition and for successful fulfillment of the state plan.

The V/O "Mashinoimport," which recently celebrated its 50th anniversary, trades with more than 300 firms in 28 countries of the world. The principal trading partners of V/O "Mashinoimport" are the foreign trade organizations of the socialist countries, whose share accounts for about 70 percent of the total volume of imports handled by the association.

The association's extensive import program includes power generating equipment and electrical equipment, railroad rolling stock, pump and compressor equipment, gas and petroleum production equipment and petroleum refining equipment, excavators, self-propelled cranes, industrial apparatus and other equipment.

Deliveries of complete equipment handled by the association were instrumental in putting important national economic projects into service ahead of schedule, including the Urengoy—Pomary--Uzhgorod export gas pipeline.

The association has been actively promoting fulfillment of the Comprehensive Program for Socialist Economic Integration of the CEMA Member Countries. V/O "Mashinoimport" is taking part in carrying out major industrial projects

within the USSR, including construction of the Yuzhno-Ukrainskaya AES [Nuclear Power Station], the plant for production of fodder yeasts at Mozyr, etc.

One of the important foreign trade associations is "Soyuzkhimeksport," which handles exports and imports of a broad list of chemical and petrochemical products for industrial purposes, agricultural chemicals and consumer goods. V/O "Soyuzkhimeksport" trades with more than 400 firms in 60 countries. Half of the volume of the association's trade is with the socialist countries.

Over the last 10 years exports of chemical goods have increased 4.8-fold. Expansion of the export operations of "Soyuzkhimeksport" has been based on a further growth of the country's export potential and the development of integrative relations with the countries of the socialist commonwealth. The association is a participant in carrying out 24 agreements on production specialization and industrial cooperation and deliveries of chemical goods with CEMA member countries. An important place in the export program of "Soyuzkhimeksport" is taken up by deliveries of goods from chemical plants built in the USSR under compensation agreements. V/O "Soyuzkhimeksport" is making its contribution to carrying out the Food Program.

The collegium of the foreign trade ministry and the Presidium of the Central Committee of the Trade Union of Workers in State Institutions, having examined the results of socialist competition of collectives of all-union foreign trade associations of the Ministry of Foreign Trade for 1983, declared to be the winners and awarded first place and Red Banners to the collectives of V/O "Mashinoeksport" and V/O "Eksportlen," second place to the collectives of V/O "Mashpriborintorg" and V/O "Prodintorg," and third place to the collectives of V/O "Elektronorgtehnika" and V/O "Medeksport."

Commendations of the Ministry of Foreign Trade and Central Committee of the Trade Union of Workers in State Institutions were awarded for successful fulfillment of planning targets and socialist obligations in 1983 to the collectives of the all-union foreign trade associations "Soyuznefteeksport," "Avtopromimport," "Soyuzpromeksport," "Metallurgimport," "Raznoimport," "Energomasheksport," "Soyuzpushnina," "Soyuzvneshtans," "Eksportkhleb," "Vostokintorg," "Tekhnopromimport," "Tekhsnabeksport," "Soyuztranzit," "Mezhdunarodnaya kniga," "Tekhnointorg," "Dal'intorg," "Prommashimport," and also "Avtoeksport," "Stankoimport" and "Traktoroeksport."

Guided by the tasks set by the December (1983) Plenum of the CPSU Central Committee and having unanimously approved the decisions of the February (1984) Plenum of the CPSU Central Committee, which confirmed the invariability of the fundamental course of our party and state in domestic and foreign policy, the workers of foreign trade staged broad socialist competition for successful fulfillment of the targets of the fourth year of the 11th Five-Year Plan and adopted new socialist obligations for 1984.

The plan of exports and imports for 1984 is based on the assignments of the 5-year plan and also on long-term trade and economic agreements with the socialist countries, developing countries and capitalist countries. A further

growth of the volume of visible foreign trade is called for. The average annual growth rates of foreign economic relations in the 4 years of the current 5-year period is about 7 percent, as against the 4 percent envisaged in the 5-year plan for those years.

The CPSU Central Committee and Soviet Government attribute paramount importance to improvement of the political and economic interaction of the member countries of the Council of Mutual Economic Assistance. The deepening of socialist integration is manifested in joint efforts to solve such major economic problems as the fuel and raw materials problem and securing progressive engineering and technology, food and consumer goods. Construction in the Soviet Union of exceedingly important industrial projects, including nuclear power stations, will continue with the participation of the socialist countries. Trade protocols signed for 1984 call for a further growth of approximately 10 percent in the trade among the socialist countries.

The USSR's foreign economic relations with the developing countries will experience further development. Our country will deliver to them machines, equipment and fuel and will provide those countries technical assistance in developing various sectors of the economy. The Soviet Union will be receiving from the developing countries products of their national industry and goods which have been their traditional exports.

The plan for 1984 reflects the consistent course of the party and government aimed at strengthening businesslike trade and economic relations with the advanced capitalist countries which show an interest in cooperation with the Soviet Union on a mutually advantageous basis.

The collective of workers in foreign trade have assumed obligations of achieving fulfillment of the export and import plans in 1984 ahead of schedule on the basis of higher efficiency in foreign trade activity, a further improvement of the organization of work and work methods, and a strengthening of work discipline and production discipline.

Through further expansion and deepening of businesslike relations with collectives of industrial enterprises manufacturing products for export, foreign trade associations have set themselves the task of achieving a rise in the competitiveness of Soviet export goods and an improvement in the structure of exports. Specific and effective measures must be taken toward that end in order to improve the quality of export goods, to obtain the greatest advantage from exports and to guarantee overfulfillment of the current year's export plan.

Foreign trade associations handling import operations have assumed the obligation to guarantee unconditional fulfillment of planning targets for deliveries to the national economy of machines, equipment and other goods which come up to the present-day level of scientific-technical advances. Particular attention will be paid in this connection to deliveries of machines, equipment and materials for the petroleum refining industry, gas pipelines and projects to be completed within the 11th Five-Year Plan.

The vigorous effort will continue to carry out the program of socialist economic integration and to further deepen production specialization and industrial cooperation with the socialist countries.

The collective of workers in foreign trade will make active use of trade and economic and scientific-technical cooperation with the socialist countries in the sector of the agroindustrial complex on the basis of target programs and specialization and cooperation in the production of manufactured fertilizers, chemicals for plant pest and disease control, feed additives, and agricultural machines and equipment.

Workers in Soviet foreign trade have assured the CPSU Central Committee that they will work selflessly to implement the decisions of the party and to guarantee unconditional fulfillment of the 1984 plan and the 11th Five-Year Plan. In close ranks with the entire Soviet people, which today have rallied as never before around the Leninist Central Committee, the workers in foreign trade will help to strengthen the economic and defensive might of our homeland.

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USSR-CEMA TRADE

REVIEW OF BOOK ON LEGAL ASPECTS OF CEMA PRODUCTION COOPERATION

Moscow VNESHNYAYA TORGOVLYA in Russian No 5, May 84 insert

[Review by I. A. Gringol'ts, doctor of juridical sciences, of book "Mezhdunarodnaya nauchno-tehnicheskaya i proizvodstvennaya kooperatsiya (Pravovyye aspekty)" [International Scientific-Technical and Industrial Cooperation (Legal Aspects)], editor-in-chief M. M. Boguslavskiy. "Nauka," Moscow, 1982]

[Text] Industrial cooperation is one of the urgent topics in the field of international economic collaboration at the present time. That accounts for the interest aroused by the monograph prepared by a team of specialists headed by Professor M. M. Boguslavskiy, which researches the legal aspects of industrial cooperation.

The book, which is divided into three parts, examines the concept and types of cooperative relations and the legal questions of scientific-technical co-operation and industrial cooperation. That structure takes into account that scientific-technical cooperation and industrial cooperation each have their own specific features that stand out in the legal formulation of financial liability. The authors also cover the mutual intertwining of the two types of cooperation, which is giving rise to the tendency toward conclusion of combination contracts covering the entire cycle "science and technology--production--sales."

As is well known, the legal regulation of cooperation takes place at two levels: intergovernmental (international law) and at the level of economic organizations (civil law). The existing international documents and agreements of the USSR are covered in the book with the necessary completeness; principal emphasis has been placed on contracts in civil law, on the direct relations between associations and enterprises of the socialist countries.

Cooperative relations and their legal forms are analyzed successively in the socialist commonwealth and between organizations of the socialist and the capitalist countries. This approach, which does not erase the fundamental differences between the two types of organizations, makes it possible to compare the experience of cooperation with partners from the different systems.

The authors have also elucidated the relations between Soviet organizations in industry and in foreign trade in connection with international cooperation.

A thorough analysis is furnished of Decree No 652 of the USSR Council of Ministers adopted 9 July 1981 on improvement of cooperation with the CEMA member countries. Readers' attention will undoubtedly be drawn by the arguments in favor of expanding the participation of scientific-technical and industrial organizations in cooperative collaboration and their interaction with foreign trade associations.

Much attention is paid to the normative documents of CEMA, in particular to the general Conditions for Production Specialization and Industrial Cooperation Between Organizations of CEMA Member Countries (abbreviated as OUSK SEV 1979) as well as the model contract forms drafted in the organs of the Council.

The book also contains new theoretical conclusions (the main one--on shaping the contract on international cooperation as a new contractual form--was framed as a result of the entire study) and recommendations on drawing up contracts (dogovory and kontrakty) and on settling disputes, and specific recommendations on the development and improvement of legal regulations of cooperative relations within the USSR and on an international basis.

The authors use the term agreements on cooperation to refer to close and stable interrelationships between two or more independent economic entities participating on the basis of an optimum division of labor between them in the creation of a certain quantity of a product or result comprising the common goal of their activity. These features, which are characteristic of international cooperation, make it possible to distinguish it from related forms of economic cooperation, for example, from compensation agreements and from joint and mixed enterprises and organizations. This kind of cooperation always requires contractual formulation. It is typical of contracts (agreements) concerning cooperation between trading partners in CEMA countries that they include not only property elements, but also organizational elements, which is predetermined by the legal nature of the socialist economy and by the planned organization of mutual collaboration.

Turning to scientific-technical cooperation in a socialist society, the authors analyze interdepartmental agreements on the conduct of R&D on a selected problem and the status of the centers of cooperation created under such agreements, temporary international scientific research teams and joint laboratories, contracts on cooperation in performing scientific research, design and development projects. Their terms and conditions and the issues of financial liability of the parties so as to take into account the principles agreed on within the framework of CEMA are examined with the greatest thoroughness. The book also analyzes in detail agreements on scientific-technical cooperation with the capitalist countries concluded through the GKNT [State Committee for Science and Technology] and ministries and departments, in particular contracts for cooperation between foreign trade associations (the rights and obligations of the parties, conditions pertaining to use of the results, liability, and the procedure for settlement of disputes).

The international-legal aspects of the form taken by industrial cooperation are studied, including the intergovernmental and interdepartmental agreements

between CEMA member countries on production specialization and industrial co-operation and contracts between their economic organizations. There is also discussion of cooperation in the construction of industrial projects. The authors dwell in detail on typical types of contracts concerning cooperation with the capitalist countries with a view to industrial cooperation based on licensing, the production of products on order, division of production and joint production, and the joint design and construction of projects. Here critical use was made of the Manual on Drafting Contracts on Industrial Cooperation, which was drafted by the United Nations Economic Commission for Europe in 1976.

There are, of course, lapses in this large work. For instance, one would like to have seen a more thorough analysis of the shortcomings of legal regulation which have today been holding back the development of cooperation within the framework of CEMA and from fully stated recommendations on correcting them. In the section on industrial cooperation between countries of the socialist commonwealth the treatment has more to do with production specialization and organization of mutual deliveries than with collaboration aimed at manufacturing a single end product and based on the common purposes in the activity of particular participants. To be sure, there has not yet been abundant experience, but one should also look to the future. There is no treatment of contract terms and conditions defining the content of direct relations between associations and enterprises entering into cooperation. The problems of cooperation in construction of industrial projects are expounded descriptively and very incompletely, in essence only in terms of the example of construction of the "Soyuz" Gas Pipeline. The distinguishing features of the contract on international cooperation as a unified type were left unrevealed.

Nevertheless, the first step toward the treatment of the legal problems of cooperation should be considered very successful. Since the book has been sold out, it would not be a bad idea to reissue it, supplementing it with new material, if only in the form of a practical manual.

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## GENERAL

### SOCIALIST CURRENCY SYSTEM OPERATIONS EXAMINED

Moscow FINANSY SSSR in Russian No 3, Mar 84 (signed to press 16 Feb 84)  
pp 28-35

[Excerpt from article by Professor Yu.A. Konstantinov, doctor of Economic Sciences: "The Currency System of the Socialist State"]

#### [Excerpt] The Basis of the Socialist Currency System

One of the characteristic features of the currency system of a socialist state is its centralized administration from a unified economic center. This is unthinkable, however, without a state currency monopoly--the basis for a socialist currency system.

Currency monopoly is the exclusive right of a state to operations with the currency values and control of the gold currency reserves that belong to it. In connection with the legal aspect of this determination, currency monopoly is sometimes referred to the superstructure category. At the same time, in economic literature one often encounters the statement that currency monopoly is an economic category. In reality, both assertions are correct. It is only that they must not be contrasted to each other, for here there is no alternative: one or the other. Currency monopoly is at the same time the one and the other category, depending on which relations it reflects: the base or the superstructure.

Everything that has been said apropos of this as applied to the currency system of a socialist state as a whole, is rightfully, it would appear, also applicable to the concept of "currency monopoly"--the basis of this system--as well. In expressing the economic relations between the socialist state and its organizations, enterprises and population, as well as interstate relations, currency monopoly is a category of the basic order. Representing the aggregate of legal acts and the code of juridical laws by means of which the designated relations are ruled and regulated, currency monopoly is a category of a superstructural order. Its specific nature lies in this.

Various points of view are at times expressed in the literature concerning the time when currency monopoly arose, regardless of whether it is an economic or a legal category. It is known that currency monopoly was established for the first time by the Soviet State. It is confirmed that it actually came into

being from the moment foreign trade monopoly was introduced--from 22 April 1918. At that time the RSFSR SNK [Council of People's Commissars] adopted a decree "On Nationalization of Foreign Trade." The opinion exists that juridical currency monopoly was introduced by the RSFSR SNK Decree in October 1921.

It is our view that both affirmations are necessary for a more precise definition. In the specifically historical period when socialist production relations were formed in our country, the Soviet State could not issue a special decree on the introduction of currency monopoly beginning with a precise date. History attests to the fact that in the early years of Soviet authority a number of resolutions were adopted by the government organs which also formed the basis of currency monopoly in the Soviet State. It was legally consolidated by the RSFSR VSNKh [All-Russian Council of the National Economy] decree of 12 January 1918 and a number of decrees adopted by the RSFSR SNK in 1921 (18 July, 6 September, 18 November, 24 November). Having come into being with the establishment of the dictatorship of the proletariat and the workers' gaining of economic power, the currency monopoly was subsequently developed in accordance with the real conditions of the country's economic development and foreign economic and political factors.

In actuality, currency monopoly arose immediately after the victory of the Great October Socialist Revolution. With a view to seizing key positions in the country's economic system, VTsIK [All-Russian Central Executive Committee] on 14 (27) December 1917 adopted a decree on bank nationalization. According to it, all currency, credit and accounting operations with foreign countries were fully turned over to the hands of the state, which, essentially, meant its currency monopoly.

There are various opinions on the question of the functions of the currency monopoly. It is supposed that it fulfills one function--protective. In reality, this function arose first as a reaction to the illegal actions on the part of the dominating classes and imperialist states, carrying out a policy of currency aggression, overthrown by the socialist revolution. At the same time, the currency monopoly by its very nature is dedicated to helping the socialist state to mobilize the currency resources necessary to develop its economic system. They cannot be mobilized, however, merely by being protected from the negative economic effect of capitalist encirclement without joining the governments of a different social system in definite forms of trade-economic relations. On this basis another function of currency monopoly objectively begins to act, which can be called planning-regulating.

Hence it follows that currency monopoly fulfills two functions: planning-regulating and protective. By implementing the planning-regulating function of currency monopoly, the socialist state, in accordance with the plan, organizes its international monetary relations and accumulates the currency resources necessary for association with the capitalist countries; it buys and sells goods for currency, carries out operations with gold, and attracts currency credits with the aim of accelerating the rates of socio-economic development in accordance with the requirements of the objective economic laws of socialism. With the aid of the protective function of the currency

monopoly, the socialist state safeguards its national economy and its monetary system from the effect of crises and the instability of currencies of the capitalist world and from the economic aggression of capitalism and currency speculation.

The development of a world socialist system brought about qualitative changes in the functions of the currency monopoly. First of all, in relations between the socialist countries, its protective function ceased to be in operation, for the objective basis—private ownership for the means of production—disappeared. The mutual collaboration of the socialist countries is organized on a basis conforming to plan. A new type of international economic relations has been established between them, constructed on the principles of socialist internationalism—an ideological unity, community of aims and fraternal mutual assistance, with full respect for the interests, specific features and traditions of each of the countries. It consists of attitudes of deep trust, equality of rights, mutual benefits and respect for each other's sovereignty and economic interests.

At the same time, under conditions when there exists in the national and world socialist economy a law of development, conforming to plan and proportional, the planning-regulating function of currency monopoly has become most fully manifested. Its practical application actively contributes to the development, conforming to plan, of the national economy of each socialist country, to coordination of their national economic plans and to intensifying socialist economic integration. The planning-regulating function of currency monopoly is also used for adherence to currency legislation by the organizations and citizens of the socialist countries.

Currency monopoly is closely connected with foreign trade monopoly. On this basis the opinion is expressed that it is not an independent category. Being conditional upon foreign trade monopoly, currency monopoly is an integral part of it. It would appear that this is incorrect from both the theoretical and the practical point of view.

In reality, currency monopoly encompasses the entire aggregate of currency-credit relations between the socialist state and foreign countries, and not only those relating to foreign trade. It also extends to economic relations arising in connection with investment credit, non-trade operations, change in structure of currency reserves, buying and selling currency values, etc. In other words, with the aid of currency monopoly, the entire multi-faceted aggregate of International accounting is implemented and regulated on the basis of and in accordance with the state plan for the country's socio-economic development. The export-import plan is only part of it. This sphere of currency monopoly stems not from foreign trade monopoly, but from the monopoly right of the socialist state to carry out its entire banking business.

It would, however, also be incorrect to oppose one type of monopoly to another and one-sidedly emphasize their independence. The two categories are inter-related and interdependent. They originate at a common level: socialist planned economic system and socialist production relations. The functions of

currency monopoly by their nature and role are close to the functions of foreign trade, although they also have their own specific features. The strategic aims of their practical use, however, are the same--to further to the maximum the strengthening of the socialist economic system, growth of the country's productive forces, protecting the planned economy against the negative influence of the capitalist market, all-round development of economic and scientific and technical collaboration and intensification of socialist economic integration.

The question of the organs implementing currency monopoly is considered to be controversial. It is sometimes assumed that there are two of them: the State (National) Bank and the Foreign Trade Bank, acting under its jurisdiction--a specialized credit institution. In the narrow sense this is true. Both banks directly represent the state's currency fund. All international accounts are organized and all gold operations implemented through them. They are the custodians of the current currency reserves.

At the same time, this interpretation of the organs implementing currency monopoly, apparent'y, narrows its essence and detaches the currency system from the economic mechanism as a whole, the action of which is directed from a unified economic center. If one proceeds not from the technical but the economic (i.e., objective) functions of currency monopoly, including the planning-regulating, and considers the nature of the socialist state and the particular role of the category of conformity to plan under socialism, it will obviously be correct not only to point out a number of other organs implementing this monopoly but also to bring them into corresponding sequence.

In the USSR, where the economic system represents a unified national economic complex, developing according to a common plan in accordance with strategic directives from the center, in our view, currency monopoly is implemented by:

USSR Gosplan--the central planning organ of the state, ensuring coordination of currency plans with the indicators of the national economic plan, including its integral part: the export-import plan;

USSR Ministry of Finance--the country's central financial organ, developing, in conjunction with USSR Gosplan, the currency plans and being, in addition, the custodian of the gold reserves of the state and the organ of currency control;

USSR State Bank--the central emission, credit and accounting organ in the country, which participates in developing currency plans, organizes international accounts and implements gold operations;

Foreign Trade Bank (USSR Vneshtorgbank)--a specialized credit institution, implementing, within the limits of competence granted to it by the State Bank, international accounts, credit and many other currency operations. Along with the State Bank, USSR Vneshtorgbank is the custodian of the regular currency reserves of the Soviet Union;

The USSR Ministry of Foreign Trade and the USSR State Committee for Foreign Economic Relations are the organs granting credit to foreign firms when selling them goods, as well as working out the currency plans for trade operations.

The coordinated actions of all these organs ensure the successful functioning of the currency monopoly. The state currency monopoly introduced for the first time in the USSR is of international significance. Borrowing from the experience of the Soviet Union, other socialist countries made the transition from state currency control to currency monopoly, having nationalized industry, transport and banks. Given the unity of the nature of currency monopoly, the specific forms of its practical use have certain differences in individual socialist countries. This is caused by the historical and national features of the development of individual countries, determined by the unique nature of the systems of controlling their national economy and foreign economic relations.

#### Administration of the Currency System

A socialist state uses the currency system as a basic and superstructural category through the practical operations of certain economic organs and banks. They are participants in international currency-credit relations which in the planned organized economy require their corresponding administration. In this sense, obviously, it is rightful to speak of the organizational structure of the currency system as the aggregate of economic and legal relations.

In the CEMA member-countries, administration of these relations, as distinct, let us say, from financial ones, is organized on strictly centralized lines, excluding the unit of double subordination. For example, in the USSR, special currency subdivisions are lacking in the system of republic and local financial organs. They have been developed and function only in the central-all-state unit of administration for the system of currency-credit relations. This stems from the USSR Constitution, according to which all types of foreign economic activity are carried out on the basis of the state monopoly and are within the competence of the USSR. Based on this, in the Soviet Union the overall leadership of the currency system is implemented by the USSR Council of Ministers as the highest executive and most efficient organ of state authority, which is responsible to the USSR Supreme Soviet and is accountable to it.

Certain special features of the currency system are also shown in the composition of its participants and their functions. This also distinguishes the administrative mechanism of the currency system from the administration of finance and credit systems serving the intrastate economic relations and the demands of the population. Opposed to the credit system, for example, as the aggregate of objective economic relations arising with the turning over to enterprises, organizations and individual parties, for temporary use, of monetary funds under conditions of their compulsory return, is a network of corresponding state credit organs, which have been set up especially for this. Credit operations are their direct functions.

Meanwhile, also taking part in administration of the currency system along with specially developed organs (USSR Ministry of Finance, USSR State Bank, USSR Foreign Trade Bank) are other economic organs, the particular functions of which are different. They may be, for example, export and import of goods and rendering various services. Since these operations, under compulsory procedure, are mediated by accounting and currency-credit relations, these organs in one way or another participate in administration of such relations.

These organs, however, are not synonymous. They include specially designated ones to serve international economic relations: the USSR Ministry of Foreign Trade (MVT) and the USSR State Committee for Foreign Economic Relations (GKES). In addition to those listed there are organs taking part in foreign economic relations whose principal and direct functions are not conditioned by these relations, but to whom the state has granted the right of exporting and importing certain types of goods and services. Among them are: the USSR State Committee for Science and Technology, the USSR State Committee for Cinematography and the USSR State Committee for Foreign Tourism. Even the above-named types of activity, however, are also mediated by international monetary operations. By virtue of this the indicated committees, within the limits of their competence, take part in administration of currency relations.

Although there are many organs participating in administration of the currency system, the nature of their functions varies. In particular, not every one of them forms a currency policy as an integral part of the state's foreign economic strategy. This is within the competency above all of the USSR Ministry of Finance and also the USSR State Bank (within the limits granted them by authority). By virtue of this, they come out as organs of general guidance, regulation and control in the administration mechanism of the currency system. Others, for example the overseas banks, are executive organizations, which are guided in their activity by directions from competent currency agencies.

USSR Gosplan has a particular role in administration of foreign economic relations, and accordingly, of currency-credit relations. As the country's central planning organ it develops drafts of plans for export and import on the basis of MVT and GKES proposals and prepares the draft for a currency plan in conjunction with MVT and the USSR Ministry of Finance.

The specifics of currency system administration in the USSR are brought about by the special features of organizing administration of its foreign economic relations. Let us make a brief examination of certain functions for administration of the currency system of certain state organs, primarily those that have been established directly for this purpose.

The USSR Ministry of Finance plans the receipts and expenditures of the state budget as related to the activity of the USSR Ministry of Foreign Trade and the State Committee for Foreign Economic Relations and of other organizations implementing foreign relations. The task of the ministry is to seek currency reserves, ensure financing of measures in the sphere of foreign economic relations, effective control over the currency-finance activity of soviet organizations implementing commercial operations with foreign ones, located in the USSR and abroad and to fulfill many other functions, including currency planning.

USSR Gosbank and Foreign Trade Bank, as institutions empowered by the state to implement directly its currency monopoly, concentrate the currency resources, and use them in conformity to plan, in accordance with the state plan for the country's economic and social development. These banks organize and complete international accounting and other operations in foreign currency. They monitor the fulfillment of the consolidated currency plan for the country and the currency plans of the ministries and departments.

The USSR State Bank and Foreign Trade Bank are among the major banks in the world. USSR Gosbank assets exceed the total sum of assets of seven major banks in the world, such as the Bank of America, Citibank, Chase Manhattan Bank (USA), Deutsche Bank (FRG), Credit Lyonnais (France), Dai-Ichi Kangyo Bank (Japan) and Barclays Bank (England). The USSR Foreign Trade Bank has a wide network of foreign correspondent banks. In 1983 it numbered 1742 banking institutions in 124 states in the world. On the territory of the Soviet Union Vneshtorgbank has 17 divisions: in the RSFSR, the Ukraine, Belorussia, Estonia, Lithuania, Moldavia and Armenia.

Banks abroad with a share in the capital of soviet organizations play an important role as participants in the currency-credit relations of the USSR with industrially developed capitalist countries. At present these banks and their branches operate in eight countries: England--the Moscow National Bank (Mosnarbank), London, with branches in Beirut and Singapore; France--the Commercial Bank for Northern Europe (Eurobank) in Paris; FRG--East-West-Handelsbank in Frankfurt am Main; Luxemburg--East-West United Bank; Austria--Donau Bank in Vienna; Switzerland--Eastern Handelsbank in Zurich.

The founders and chief shareholders of soviet overseas banks are USSR Gosbank and Foreign Trade Bank, as well as other soviet organizations. Soviet and local specialists direct the banks. The main task of the soviet banks abroad is furthering the development of USSR foreign economic relations and those of other socialist countries and credit and accounting service of their foreign trade turnover. In solving this problem, the above-named banks implement numerous currency, credit, accounting and other operations characteristic for commercial banks.

The participants in the currency-credit relations of the USSR with foreign states are also certain sectorial ministries and economic departments implementing currency operations. In connection with this, within the limits of their competence, they also participate in administration of the designated relations. Above all, these are the organs implementing foreign trade monopoly: the USSR Ministry of Foreign Trade and USSR State Committee for Foreign Economic Relations. For example, GKES organizes accounts with soviet and foreign organizations and firms connected with the export of complete sets of equipment, materials and with rendering other types of services. The Committee is called upon to develop proposals and implement measures directed toward increasing the currency receipts.

An important role in developing trade-economic, and consequently, currency-finance relations is played by the consumer cooperative. Tsentrosoyuz is a member of the International Cooperative Alliance. It carries out foreign trade operations with cooperatives and firms in 43 countries in considerable volumes. The soviet consumer cooperative exports goods both of its own production and of procured goods, as well as those obtained from state organizations. In exchange the soviet cooperative workers acquire goods for national consumption. At the same time, over half of the foreign trade turnover of the consumer cooperative falls to the socialist countries. The border republics and oblast unions of consumer societies also have direct relations for commodity turnover with the corresponding foreign countries. Among them are-- Belorussia, Lithuania, Transcarpathia, etc.

The essence of administration of currency relations on the national level in other socialist CEMA member countries is mainly and fundamentally the same as in the USSR. This is shown, in particular, in the fact that in all countries a system of state currency monopoly has been established, and planning of currency turnover is implemented and international accounts and extension of credit are being implemented through national and foreign trade banks.

At the same time, in certain socialist countries there are some differences in organizing administration of currency relations. They are caused mainly by a certain uniqueness in administration of the national economy as a whole, which is manifested, in particular, in the specific methods of currency regulation, the composition of participants in currency planning, methodology of compiling the currency plans and the practice of using domestic rates of exchange and coefficients.

#### Dynamism of Currency Mechanisms

The currency system of socialist states does not remain unchanged. Being dynamic, it is constantly being improved in conformity with specific stages and problems of developing the national economy of countries of the socialist commonwealth and their foreign economic relations. Having been formed in its present structure in the second half of the 1960's and first half of the 1970's under the influence of the economic reforms being carried out at that time, they will now continue to be improved.

Being taken into account in the basic directions for improving national currency mechanisms are, on the one hand, the growing tendency toward internationalization of the economic life of the CEMA countries and, above all, toward intensification of their economic integration, and on the other hand, the more complex world reproduction situation and the international policy situation.

The Soviet Union, in the international policy of which cooperation with the fraternal socialist countries occupies a particular, priority place, and other CEMA member countries are directing their currency mechanisms primarily toward furthering the development of socialist economic integration. In Bulgaria, for example, a limit of currency for import from socialist countries is no

longer being asserted for economic organizations. This creates the conditions for an economic maneuver: redistribute import from non-socialist countries toward import from socialist countries and implement various trade-economic arrangements with the CEMA countries above the signed agreements.

At the same time measures are being undertaken for further intensification of economic, including currency, independence from the industrially developed capitalist states. For example, in Czechoslovakia, the task has been set to raise the export capacity of the economic system, reduce the demand for import and to make economical and efficient use of all currency resources. For this purpose, in particular, currency control is being intensified on the part of the ChSSR State Bank. If the bank allots currency resources in accordance with the anticipated fulfillment of export but the organization does not ensure it, it has a right to cut the currency resources planned for the next year.

In attributing great importance to making export efficient and increasing its effectiveness, many CEMA member-countries have essentially intensified the role of economic stimuli, including currency directly. As an example, in the USSR the responsibility of sectorial, i.e., production ministries and departments for fulfilling five-year and current plans for export and import and using the business conditions of the commodity markets has increased. For this same purpose, economic incentive for industry in the further development of goods production for export and improvement of their quality, in particular, through currency deductions, has been intensified.

In Bulgaria a special fund to encourage export has been set up directly at the Ministry of Foreign Trade. Its resources are used as bonuses for the employees according to their contribution to fulfillment of the assignments for export and realization of above-plan currency receipts. These resources may also be entered in the fund for social-everyday living and cultural measures. In Czechoslovakia, measures to ensure the efficiency of export are combined with measures to increase the responsibility of cost accounting organizations for long-term equilibrium of the balance of payment.

In some countries comprehensive measures are being implemented to improve the national currency mechanism in order for it to have a more active effect on the economic resultativeness of the foreign economic activity of its direct participants--the personnel of economic organizations. These measures encompass all the basic units of the currency mechanism: planning, administration and stimulation. For example, in Bulgaria, the currency receipts by groups of countries and limit of currency for import from non-socialist countries are included in a number of directive indicators, confirmed for the economic organizations. At the same time, in foreign trade organizations the wage fund was placed in direct relation to the amount of currency receipts per employee and a change of prices for export and import. Also introduced were instruments stimulating the economic organization to overfulfill the plans for currency receipts. For each currency lev obtained above plan, the organization obtains from the state 0.5 levs. Conversely, with nonfulfillment of the plan it is fined the same sum.

Further development of the world economic relations of the CEMA member-countries presupposes above all intensification of their mutual economic relations. At the same time, under today's conditions it is a question not merely of expanding cooperation, but of raising its quality and efficiency. In turn, this requires an even further improvement in the national currency mechanisms of the CEMA countries and more fully adapting them to solving the priority tasks of socialist economic integration.

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GENERAL

FINANCE INSTITUTE MEETS ON INTERNATIONAL MONETARY RELATIONS

Moscow FINANSY SSSR in Russian No 3, Mar 84 (signed to press 16 Feb 84)  
pp 75-77

[Article: "In the Academic Council of NIFI [Scientific Research Institute of Finance]" ]

[Text] A session of the Academic Council of NIFI was held, devoted to discussing contemporary problems of international credit-financial relations of the developing countries. Taking part in its work were representatives of a number of institutes of the USSR Academy of Sciences, Moscow State University, Moscow Finance Institute, Scientific Research Institute of Economic-Technical Cooperation of the USSR State Committee of the Council of Ministers for Foreign Economic Relations, USSR Scientific Research Institute of Business Cycles of the Ministry of Foreign Trade and also specialists of the USSR State Committee of the Council of Ministers on Foreign Economic Relations, USSR Gosbank, the USSR Ministry of Finance and the CEMA Secretariat.

In the main report, Head of the sector for NIFI, Candidate in Economic Sciences S.S. Katash noted that foreign financing remains an integral component of the economic life of an overwhelming majority of developing countries. In connection with the energy crisis, currency-financial shake-ups and a deterioration in the general economic market conditions in the industrially developed capitalist countries, the problem of financial dependence of the former colonial and semi-colonial periphery on the centers of the world capitalist economy has become acute. The deterioration of the currency-financial position and state of payment balances of the developing states, which are not major exporters of petroleum, is becoming increasingly threatening and in the future can lead to serious socio-economic consequences.

In the last few years substantial quantitative and qualitative changes have taken place in the inflow to the developing countries of financial resources from foreign sources. Its yearly volume nominally increased from 20 billion dollars in 1970 to 90 billion in 1980. In real estimate, i.e., taking into account inflation and the adjustments in the currency rates, the increase was approximately 70 percent. Receipts from private sources began to predominate in the structure of foreign financing. While ten years ago the privileged component constituted over half of the financial receipts (excluding short-term), in 1980 the proportion of resources coming in under commercial conditions exceeded 70 percent. As a result, the average conditions for obtaining loans

from foreign sources essentially deteriorated; the proportion of receipts on a gratuitous basis was almost cut in half.

At the same time, the West, as before, is attributing great importance to "official aid to development" (OPR) as a peculiar facade in its relations with liberated states. For the least developed countries of Asia, Africa and Latin America, deprived of an option, OPR remains the chief and often the only form of obtaining long-term financial resources from without. The essence of OPR was and remains neo-colonialist. Its scope and forms are determined not by the needs of the liberated countries, experiencing a demand for additional financial resources to alleviate the difficult economic and currency-finance situation, and not by the potentials for imperialist powers, expending astronomic sums for the arms race; they are determined by outside political interests of the capitalist states, by the demands for foreign trade and investment expansion of transnational monopolies.

One of the important sources of foreign financing for the liberated countries is currency accumulation by the OPEC member states. The yearly volume of subsidies, loans and investments obtained from this source by the developing countries is now determined to be approximately 10 billion dollars. The overwhelming part of the "petroleum dollar aid" is concentrated in the small group of Arab states.

Many of the problems of foreign financing of the developing countries are connected with the activity of the International Monetary Fund and the International Bank for Reconstruction and Development. The young states, bearing the greatest losses from structural, cyclical and foreign-exchange-financial shake-ups in the world capitalist economic system, sharply criticize these establishments, feeling that they should take into consideration the distressed situation of most of the liberated countries and play a more noticeable role in satisfying their mounting financial demands. This situation, however, finds no support on the part of the developed capitalist states, actually controlling the IMF and the IBRD. On the contrary, the apparatus of the IMF and the IBRD, and their traditional and new loan instruments are increasingly actively used for operative control and influence over the economic system of the developing countries in directions convenient for the West. "Health-giving" recommendations and programs thrust upon the young states by these institutions reflect the interests of the imperialist powers and international banking and industrial monopolies.

Private commercial loans for the liberated countries have expanded sharply. Loans from commercial banks and debenture loans floated with their assistance now constitute the major part of the yearly volume of foreign financing for many developing countries. The chief and most dynamic form of borrowing on the international capital market is constituted by European currency syndicated bank loans. In 1971 the liberated countries obtained, in this form, approximately 1 billion dollars (13 countries), and in 1981--over 33 billion dollars (about 50 countries). Debenture loans have become another form of mobilizing financial resources on the international capital market, with the value increasing. True, so far the amounts of the funds brought in this way are not over 5 billion dollars a year.

The unprecedented growth in European currency borrowing, with the high level of interest rates characteristic of it and relatively short periods for repayment, has substantially complicated the foreign debt problem of the developing countries. During the 70's it increased rapidly, exceeding the growth rates of their export income by almost double. According to the data of the OECD, the amounts of this indebtedness reached 626 billion dollars at the end of 1982. The structure and schedule of repayments have deteriorated, as the result of which payments for the servicing grow even more quickly than the debt itself. Because of this, the developing countries have been compelled to expend approximately two-thirds of the new loans and credits. In connection with the increase in European currency borrowing under the conditions of a "floating" interest rate, the sizes of the payments from the developing states lend themselves less and less to planning and prove to be increasingly dependent on the conditions of the monetary markets in the major capitalist financial centers.

Coauthor of the main report, Senior Scientific Associate of the NIFI, Candidate of Economic Sciences V.Ye. Gankovskiy shed light on the questions of credit-financing relations of the developing countries with the socialist states, the assistance and cooperation of which are very important. The CEMA member countries took on the commitment of financing construction of over 5000 projects in Asia, Africa and Latin America, of which over 3500 have already been put into operation. The overwhelming majority of the enterprises built in the loan-receiving countries are included in the state sector of the economic system, the reinforcement of which contributes to simplifying the economic and political independence of the former colonies and semi-colonies. The loans are granted under relatively preferential conditions. Their utilization is not accompanied by any sort of riders encroaching on the sovereignty of young nations and violating the equal-rights nature of the collaboration. The value of assistance from the socialist countries is in no way measured by the share that it has in the overall inflow of resources. Through the loans of the CEMA member countries, the borrowers can achieve many important concessions from the Western creditors and constrict the positions of multi-national corporations.

Under the circumstances of rapidly changing (particularly since the beginning of the 70's) world economic and political market conditions, certain factors arise which influence the effectiveness of credit cooperation. They must be taken into consideration. Among the phenomena, the action of which has had a noticeable effect on the practical work of credit relations with the developing countries in the last decade are: a) the crisis in the international currency system of capitalism, the periodic outburst of which provoked the IMF member countries to renounce gold parities and change over to a policy of using "floating" rates of exchange; b) rapid and uneven increase in prices in the developing countries and on the whole on the world market, particularly for commodities drawn into the foreign economic turnover of the CEMA member states with their debtors from the liberated countries, etc. Under these conditions it is urgent that recommendations be drawn up, the introduction of which would permit an improvement in the mechanism and forms of credit-finance cooperation with the developing countries, in order to prohibit a lowering of its effectiveness for both parties.

S.A. Bylinskyak, head of the sector for the USSR Academy of Sciences Institute of Oriental Studies, and doctor of Economic Sciences, noted that at the present time, when analyzing the system of noncolonialism relations, problems of the activity of transnational corporations usually come to the foreground. This, however, does not mean that problems of imperialist credit expansion have gone to the background. It is very important to make a correct approach to the problem of how, in reality, the various forms of economic relations between the developed capitalist and developing countries are coordinated within the framework of the overall non-colonialism strategy. Specific currency-finance problems, arising in connection with the struggle by the developing countries for a new international economic order deserve great attention. Working out the economically and politically substantiated position on these problems should be considered as the task of our researchers.

Yu.M. Osipov, head of the sector of the USSR Academy of Sciences Institute of Africa, doctor of Economic Sciences, in speaking of the complexity of predicting the processes in the currency-finance sphere of the developing countries, expressed the view on improving research concerning the corresponding problems in consideration of the demands of the organizations carrying out USSR foreign economic relations. He noted also that there must be an attentive approach to the question of the state and perspectives of the foreign indebtedness of the former colonial countries under conditions of inflation which has stricken capitalist countries. It is, according to estimates, over 600 billion dollars. When evaluating the gravity of this burden of debt, one must not lose sight of the fact that inflation noticeably devaluates foreign commitments. At the same time it leads to devaluation of loans newly drawn by the borrowers for the needs of economic system development; it is no longer possible to buy as many goods for the newly obtained funds as before. This means that the developing states are compelled to import loan capital on regularly increasing scales, which inevitably leads to a swift increase in the amount of foreign indebtedness.

V.A. Teperman, senior scientific associate of the USSR Academy of Sciences IEMSS [Institute of Economics of the World Socialist System] and candidate in Economic Sciences, broached certain aspects of the finance-credit relations between the socialist and developing states, after having noted a number of factors influencing the development of these relations.

S.N. Kosobchuk, senior scientific associate of the USSR Academy of Sciences Institute of Latin America, candidate in Economic Sciences, characterized the present-day situation in the Latin American countries in the system of international credit relations of capitalism after having noted that their relation to foreign financing is acquiring less healthy forms and consequences under the conditions of aggravation of crisis processes in the world capitalist economy. The state of payment balances has sharply deteriorated and the demand of the oil importing countries of Latin America for loan funds has intensified. Their aggregate foreign debt for 1975-1980 increased from 56 to 200 billion dollars. At the same time the proportion of indebtedness to private creditors increased substantially. Along with this it should be borne in mind that the augmentation of the role of foreign financing and increase of foreign state indebtedness to a considerable extent was foreseen by the national programs for development of a number of Latin American countries.

In the speech made by NIFI representative M.A. Chernobay, on the basis of extensive statistical material, an analysis was given of the basic sources and forms of foreign financing for the developing countries of Tropical Africa at the present stage. It was emphasized that the high degree of financial dependence was caused primarily by the extremely low level of economic and social development of the states in the region and the deterioration of their currency-finance situation under the influence of a whole set of factors. In a number of African countries there are not even enough ordinary budgetary receipts to cover running state expenditures. It is anticipated that in the present decade, on the average about 40 percent of the capital investments in Tropical Africa will be financed from foreign sources. Along with this, even today the solvency of most of the countries in the region is dangerously in doubt.

Scientific associate of the USSR Academy of Sciences Institute of Oriental Studies Ya.Ya. Melkumov expressed his views on the question of the possible directions in the evolution of indebtedness of the developing countries with respect to credit and loans granted by the capitalist states and the commercial banks. A number of examples of insolvency and nonfulfillment by the countries with international promissory notes were examined.

Senior Scientific Research Associate of the NIFI Z.A. Markova reported on the results of studying the import of loan capital by the [Nigerian] countries, after emphasizing that throughout the last few years the proportion of foreign sources in financing their gross capital investments was from 15 to 48 percent. The active use by Algiers and Morocco of European currency borrowing led to their foreign debt increasing during the 1970's from 20 to 40 percent of the GNP.

When summing up the results of the session, Professor L.Ye. Babashkin, chairman of the Academic Council, expressed satisfaction with respect to the fruitful nature of the exchange of opinions and statement of new theoretical and practical questions. Expansion and improvement of the relations with the developing countries require the fixed attention of the researchers to the entire complex of economic and political processes in these countries and on the international scene. In particular, in credit-financial relations with them, there must be adequate consideration taken of intensification in the differentiation in the camp of the developing countries, attentive following of the evolution of their currency-finance relations with the capitalist world and studying the possibilities of using new forms of cooperation arising in international practice. The complexity and comprehensiveness of the task dictate the need for further coordination and unification of the forces of scientific and practical workers. The meeting of the NIFI Academic Council may be considered as a sound step in this direction.

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## GENERAL

### FOREIGN CURRENCY RATES FOR MAY COMPARED

#### Rates Listed

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian No 19, May 1984 on page 22 and No 22, May 1984 on page 22 carry lists of exchange rates issued by the USSR State Bank entitled "Bulletin of Exchange Rates of Foreign Currencies" as of 1 May 1984 and 16 May 1984 respectively.

Name of Currency	Exchange Rate in Rubles 1 May	Exchange Rate in Rubles 16 May
Australian dollars per 100	73.21	73.21
Austrian schilling per 100	4.19	4.15
Albanian leks per 100	11.94	11.94
Dinars of the Democratic and Popular Republic of Algeria per 100	16.15	16.15
British pounds sterling per 100	111.60	111.60
Argentine pesos per 100	2.28	2.08
Afghan afghanis per 100	1.55	1.55
Belgian francs per 1,000	14.40	14.23
Burmese kyats per 100	10.16	10.16
Bulgarian levs per 100	105.26	105.26
Hungarian forints per 100	5.88	5.88
Dongs of the Socialist Republic of Vietnam per 100	10.47	10.47
Ghanian cedis per 100	2.23	2.23
Guinea syli per 100	3.29	3.29
Marks of the GDR per 100	31.25	31.25
Deutsche Marks of the FRG per 100	29.39	29.14
Dutch guilders per 100	26.06	25.71
Greek drachmas per 1,000	7.55	7.55
Danish krones per 100	8.02	7.94
Egyptian pounds each	1.10	1.15
Indian rupees per 100	7.23	7.23
Indonesian rupiahs per 1,000	0.78	0.78
Iraqi dinars each	2.47	2.59
Iranian rials per 100	0.90	0.90
Icelandic kronas per 100	2.69	2.69
Spanish pesetas per 1,000	5.23	5.23
Italian lira per 10,000	4.75	4.72

Name of Currency	Exchange Rate in Rubles 1 May	Exchange Rate in Rubles 16 May
Dinars of the People's Democratic Republic of Yemen each	2.30	2.30
Rials of the Yemen Arab Republic per 100	15.93	15.93
Canadian dollars per 100	62.12	62.12
Yuans of the People's Republic of China per 100	37.53	37.53
Wons of the Democratic People's Republic of Korea per 100	69.44	69.44
Cuban pesos per 100	90.00	90.00
Kuwaiti dinars each	2.70	2.70
Lebanese pounds per 100	14.09	14.09
Libyan dinars each	2.68	2.68
Malaysian ringgits per 100	33.92	33.92
Mali francs per 1,000	0.94	0.94
Moroccan dirhams per 100	9.65	9.65
Mexican pesos per 1,000	4.38	4.18
Mongolian tugriks per 100	23.92	23.92
Nepalese rupees per 100	4.88	5.12
New Zealand dollars per 100	51.15	51.15
Norwegian krones per 100	10.33	10.27
Pakistani rupees per 100	5.75	5.75
Polish zloty per 100	1.67	1.67
Portuguese escudos per 1,000	5.85	5.85
Romanian leus per 100	12.05	12.05
Singapore dollars per 100	38.16	38.16
Syrian pounds per 100	19.58	20.54
Somali shillings per 100	5.05	5.05
U.S. dollars per 100	79.60	80.45
Sudanese pounds per 100	59.11	62.00
Tunisian dinars each	1.08	1.08
Turkish lira per 1,000	2.51	2.51
Uruguayan pesos per 100	1.57	1.57
Finnish markkas per 100	13.92	13.92
French francs per 100	9.58	9.45
Czechoslovak korunas per 100	10.00	10.00
Swedish kronas per 100	10.00	9.91
Swiss francs per 100	35.58	35.26
Sri Lanka rupees per 100	3.14	3.14
Ethiopian birrs per 100	37.80	37.80
Yugoslav dinars per 1,000	6.14	5.86
Japanese yen per 1,000	3.51	3.48

#### Early May Changes

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian Number 19, May 1984 carries on page 22 a 250-word Ye. Zolotarenko article under the rubric "Our Commentary" which notes changes in the exchange rate for 18 foreign currencies as of 1 May 1984. The U.S. dollar's rate increase is linked to a growth in bank interest rates "including the discount rate of the Federal Reserve System" and

a market expectation that interest rates will continue to rise, given more obvious signs of inflation. According to the author, "Growth in the exchange rate for American currency does not correspond at all to the real condition of the U.S. economy. Attesting to this, for example, is the month-to-month growth in the American trade balance deficit: \$10.09 billion in February, \$10.26 billion in March." Zolotarenko notes currency market forecasts for a 1984 trade deficit of "close to \$110 billion, a new record in comparison to the \$70 billion trade deficit in 1983." Gold prices are recorded as having fallen to \$378-\$379 per ounce by the end of April, in connection with the dollar's exchange rate rise.

#### Mid-May Changes

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian Number 22, May 1984 carries on page 22 a 250-word Ye. Zolotarenko article under the rubric "Our Commentary" which notes changes in 20 currency exchange rates for the 2d half of May. The U.S. dollar's rate increase in relation to other leading capitalist currencies is tied to a "burst" in interest rate levels, particularly for long term credit, due mainly to a large budget deficit and also to a greater demand for credit by business firms. The 8 May increase in the prime rate to 12.5 percent is noted along with a rise in other market rates, including "federal funds and Eurodollar deposits." Zolotarenko comments that U.S. partners are once again "as 1 year ago" faced with a difficult problem: a reduction in their country's exchange rate relative to the dollar leads to increased inflation, yet their interest rates cannot rise without a reduction in their already low economic development rates. Central bank attempts to stabilize currency rates through selling dollars are seen to be ineffective, given the small scale of their efforts in comparison with the size of the market. On the gold market, prices dropped to \$372 from \$378 at the end of April.

CSO: 1825/122

## GENERAL

### FOREIGN CURRENCY RATES FOR JUNE COMPARED

#### Rates Listed

[Editorial Report] Moscow EKONOMICHESKAYA GAZETA in Russian No 24, Jun 1984 on page 24 and No 26, June 1984 on page 22, carry lists of exchange rates issued by the USSR State Bank entitled "Bulletin of Exchange Rates of Foreign Currencies" as of 1 June 1984 and 16 June 1984 respectively.

Name of Currency	Exchange Rate in Rubles	
	1 June	16 June
Australian dollars per 100	71.74	71.74
Austrian schilling per 100	4.17	4.20
Albanian leks per 100	11.94	11.94
Dinars of the Democratic and Popular Republic of Algeria per 100	16.15	16.15
British pounds sterling per 100	110.86	110.86
Argentine pesos per 100	1.85	1.73
Afghan afghanis per 100	1.55	1.55
Belgian francs per 1,000	14.39	14.46
Burmese kyats per 100	10.16	10.16
Bulgarian levs per 100	105.26	105.26
Hungarian forints per 100	5.88	5.88
Dongs of the Socialist Republic of Vietnam per 100	10.47	10.47
Ghanaian cedis per 100	2.23	2.23
Guinea syli per 100	3.29	3.29
Marks of the GDR per 100	31.25	31.25
Deutsche Marks of the FRG per 100	29.32	29.48
Dutch guilders per 100	26.01	26.16
Greek drachmas per 1,000	7.55	7.55
Danish krones per 100	7.98	8.04
Egyptian pounds each	1.15	1.15
Indian rupees per 100	7.25	7.23
Indonesian rupiahs per 1,000	0.78	0.78
Iraqi dinars each	2.59	2.59
Iranian rials per 100	0.90	0.90

Exchange Rate in Rubles

Name of Currency	1 June	16 June
Icelandic kronas per 100	2.69	2.69
Spanish pesetas per 1,000	5.23	5.23
Italian lira per 10,000	4.74	4.74
Dinars of the People's Democratic Republic of Yemen each	2.30	2.30
Rials of the Yemen Arab Republic per 100	15.08	15.08
Canadian dollars per 100	61.85	61.52
Yuans of the People's Republic of China per 100	37.53	37.53
Wons of the Democratic People's Republic of Korea per 100	69.44	69.44
Cuban pesos per 100	90.00	90.00
Kuwaiti dinars each	2.70	2.70
Lebanese pounds per 100	14.09	13.27
Libyan dinars each	2.68	2.68
Malaysian ringgits per 100	33.92	33.92
Mali francs per 1,000	0.94	0.94
Moroccan dirhams per 100	9.65	9.65
Mexican pesos per 1,000	4.18	4.18
Mongolian tugriks per 100	23.92	23.92
Nepalese rupees per 100	5.12	5.12
New Zealand dollars per 100	51.15	51.15
Norwegian kroner per 100	10.27	10.23
Pakistani rupees per 100	5.75	5.75
Polish zloty per 100	1.67	1.67
Portuguese escudos per 1,000	5.85	5.85
Romanian leus per 100	12.05	12.05
Singapore dollars per 100	38.16	38.16
Syrian pounds per 100	20.54	20.54
Somali shillings per 100	5.05	5.05
U.S. dollars per 100	80.10	80.00
Sudanese pounds per 100	58.15	58.15
Tunisian dinars each	1.08	1.08
Turkish lira per 1,000	2.37	2.37
Uruguayan pesos per 100	1.48	1.48
Finnish markkas per 100	13.77	13.77
French francs per 100	9.54	9.56
Czechoslovak korunas per 100	10.00	10.00
Swedish kronas per 100	9.31	9.99
Swiss francs per 100	35.48	35.31
Sri Lanka rupees per 100	3.14	3.14
Ethiopian Birrs per 100	37.80	37.80
Yugoslav dinars per 1,000	5.86	5.86
Japanese yen per 1,000	3.46	3.46

Early June Changes

/Editorial Report/

Moscow EKONOMICHESKAYA GAZETA in Russian No 24, June 1984 carries on page 24 a 250-word Ye. Zolotarenko article under the rubric "Our Commentary," which notes changes in the exchange rates for 19 foreign currencies. The U.S. dollar's rate was said to be "extremely unstable" at the end of May, due primarily to "falling confidence in U.S. banks by the currency markets in connection with a worsening of their financial base." The author contends that despite assurances as to the health of the U.S. banking system and the availability of aid if needed, the markets "continue to play a waiting game." Gold prices are recorded as rising from \$372 to \$387 per ounce.

Mid-June Changes

/Editorial Report/

Moscow EKONOMICHESKAYA GAZETA in Russian No 26, June 1984 carries on page 22 a 150-word Ye. Zolotarenko article under the rubric "Our Commentary," which marks changes in 13 currency exchange rates. According to the author, factors leading to "indefinitely expressed tendencies" for exchange rates were 1) a reduction of U.S. retail trade growth rates (from 3 percent in April to 0.2 percent in May), 2) difficulties faced by American banks in financing Latin American debts and interest; and 3) some reduction in the dollar's exchange rate due to corresponding adjustments in a number of other currencies. The price of gold fell to \$376 per ounce from \$387 per ounce at the end of May.

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13 August 1984